



For Immediate Release  
April 19, 2007

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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding Alternative Energy**

George Bissell had a hunch. He thought that what they called “rock oil” seeping from the western Pennsylvania earth could light lamps. He also thought that it could make him rich. George Bissell was right.

The price of whale oil — then the major source of interior lighting for homes — was at an all time high. Bissell was looking for an alternative means of lighting American homes and business. Coal-based kerosene was expensive. And camphene, made from turpentine, tended to explode.

So Bissell commissioned chemist Benjamin Sillman to determine whether rock oil might work as a mass-produced illuminant. Bissell learned that this alternative energy source would work. Today, we call it “petroleum.” And when, in 1859, his Pennsylvania Rock Oil Company struck oil near Titusville, Pennsylvania, the modern oil industry was born.

America dominated the oil industry early on, with the likes of John D. Rockefeller of Standard Oil leading the way. Production rose from a few thousand barrels a year in 1860 to 60 million barrels a year by 1900. America was the world’s leading rock oil producer.

Times have changed. The world now uses 1,000 barrels of oil a second. America is the world’s biggest oil consumer. And where we once led the world in oil production, America now imports two out of every three barrels of oil, often from unstable places.

From the perspectives of climate, cost, and security, our dependence on foreign oil is costing us dearly. We need a new rock oil. And we need it now.

The U.S. Energy Information Administration said this week that drivers paid an average of \$2.88 for a gallon of regular gasoline last week. Over the past 11 weeks, the national average price of gas has surged more than 71 cents, or 33 percent. This rise in prices hits especially hard in rural America, where distances are longer and public transport is scarce or non-existent.

On the environment, we hear a consistent drumbeat of bad news. In Montana, I've already experienced anecdotal evidence of climate change. We're losing the glaciers that draw people to the crown jewel of our national park system. We're experiencing forest fires that are more numerous and more severe.

And yesterday, we learned — from an Intergovernmental Panel on Climate Change analysis on warming's impact on North America — that things stand to get far worse.

Climate change spells trouble for our way of life. The report says that there is a 90 percent chance that current trends will cause "decreased snowpack, more winter flooding and reduced summer flows, exacerbating competition for over-allocated water resources." Everything from timber to skiing to fishing will be affected.

We also learned this week that climate change stands to have a major — and negative — effect on national security. According to a report from a group of distinguished retired generals, climate change stands to spur massive migration, increased border tensions, and conflicts over essential resources like food and water. The report from the Center for Naval Analysis says that projected climate change "poses a serious threat to America's national security."

So we've got our work cut out for us. The stakes are high. And this Committee will play a key role in tackling the problems that we read about — and see with our own eyes — every day. And that includes finding a cleaner, greener means of powering our vehicles.

Fifteen years ago, this Committee passed incentives for clean energy as part of the Energy Policy Act of 1992. That bill included a goal that alternative fuels replace at least 10 percent of petroleum-based fuel by 2000, and 30 percent by 2010. Today, biofuels account for only around three percent of transport fuel use. And there's no way that we'll get to 30 percent in the next three years.

The 1992 law also included sections to promote the use of alternative vehicles, including a tax credit tax credit for the purchase of qualified electric vehicles. But the use of alternative vehicles, while growing, has not caught on in a significant way.

Americans bought about a quarter-million hybrid cars last year. That's a little more than one percent of the 17 million vehicles sold in America in 2006. We can do better on both fronts. And we have some distinguished individuals here to help show us the way.

The 2005 energy bill included some important steps in the right direction. We passed billions in tax incentives to develop and prompt the widespread use of technologies aimed at reducing our dependence on foreign oil. We passed tax credits for the purchase of hybrid and other alternative-power vehicles. We passed incentives for the installation of alternative fuel stations. And we passed a mandate to nearly double the use of ethanol by 2012. This is progress. Every little bit helps.

But we need to do more than little bits. I realize that we cannot fix this problem overnight. But part of the solution must include finding new ways to power our cars and trucks.

It may be a new rock oil. It may be finding ways to make better use of the rock oil we have. It's probably a bit of both.

What is clear is that we need rock-solid action. And I thank our witnesses for joining us today to provide guidance to that end.

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